

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

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In re:	:	
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THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
	:	
as representative of	:	Case No. 17-BK-3283 (LTS)
	:	
THE COMMONWEALTH OF PUERTO RICO <i>et al.</i> ,	:	(Jointly Administered)
	:	
Debtors. ¹	:	
	X	

**REPLY OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS' LIMITED JOINDER
IN MOTION OF NATIONAL PUBLIC FINANCE CORPORATION FOR
ENTRY OF AN ORDER DIRECTING AN INDEPENDENT INVESTIGATION**

To the Honorable United States District Judge Laura Taylor Swain:

The Official Committee of Unsecured Creditors of all Title III Debtors (other than PBA and CONFINA) (the “Committee”) submits this Reply in further support of its Limited Joinder (Dkt. No. 14527) in the *Motion Of National Public Finance Corporation for Entry Of An Order Directing An Independent Investigation* (Dkt. No. 14450) (“Investigation Motion”) and in reply to the objections, responses, and joinders filed by the QTCB Noteholder Group (Dkt. No. 14553) (“QTCB Objection”), Sculptor Capital LP (Dkt. No. 14554) (“Sculptor Response”), the Ad Hoc

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523 (LTS)) (Last Four Digits of Federal Tax ID: 3801).

Group of GO Bondholders (Dkt. No. 14556) (“GO Objection”), the LCDC (Dkt. No. 14567) (“LCDC Objection”), and the Ad Hoc Group of Constitutional Debtholders (Dkt. No. 14570) (“Constitutional Joinder” and collectively, the “Bondholder Groups” and their “Objections”) and the response of the FOMB (Dkt. No. 14539) (“FOMB Response”) and states the following in support:

1. The Committee joined into the Investigation Motion solely to the extent that an investigation and examination of the trading activity that National identifies in its motion could serve to confirm the integrity of the Title III process.

2. In their Objections, the Bondholder Groups and the FOMB characterized the joinder as a dispute between the Committee and the Bondholder Groups alone. Specifically, the Bondholder Groups contend that the Committee is seeking to “introduc[e] delay and cost on these Title III cases and using the Commonwealth’s resources to continue its attack on an Amended Plan”², that it would “add insult to injury, by ensuring that the costs of conducting the wasteful investigation that National proposes would be borne entirely by the Commonwealth”,³ and conduct an investigation at the “estate’s expense”.⁴ The FOMB Response argued that “it would be inappropriate to vest the investigation with the Committee . . . [who] has expressed its displeasure with what it perceives to be a proposed inordinate plan of adjustment recovery” and then cited cost concerns.⁵

3. This is not a two or three party dispute as the Bondholders and FOMB argue. The overriding need for an investigation to ensure the integrity of the Title III process is a matter of

² OCTB Objection at ¶ 12. *See also* Constitutional Joinder joining into arguments of other Bondholder groups.

³ GO Objection at ¶ 4.

⁴ Sculptor Response at p. 10, Sculptor also joins into the QCTB Objection. *Id.*

⁵ FOMB Response at ¶ 8.

great public concern, as underscored by today's letter of the United States House of Representative, Committee on Natural Resources to the Executive Director of the Oversight Board. In that letter, Committee on Natural Resources requests the Oversight Board to conduct "a thorough, independent investigation into the serious insider trading allegations levied against hedge fund creditors in the context of the restructuring of Puerto Rico's central government debt is completed before continuing to negotiate a restructuring agreement." As for of the timing of the investigation, the letter urges "a thorough, independent investigation into potential wrongdoing on the part of hedge funds to ensure the integrity and public confidence in a final restructuring agreement, and to not proceed with restructuring negotiations without one." A copy of the letter is attached as Exhibit A.

4. For the foregoing reasons, the Committee respectfully requests the Court grant the Investigation Motion and appoint the Committee to conduct a thorough and independent investigation as otherwise contemplated in the Proposed Order submitted by National.

Dated: October 21, 2020

Respectfully Submitted,

John Arrastia

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- and -

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